Projected state of the Indian economy

1058. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) the projected state of the Indian economy expected to be in March 2009, in terms of GDP growth rates, food prices, inflation, Reserves, fiscal deficit (including below the line) etc.; and

(b) what is Government's current expectation for financial year 2009-10?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As per the Advance Estimates released by Central Statistical Organisation, the Gross Domestic Product at constant prices (real GDP) is estimated to grow at 7.1 per cent for the year 2008-09. The Wholesale Price Index-based annual inflation stood at 3.92 per cent during the week-ending 7th February, 2009. The annual inflation on food articles for the same period stood at 10.37 per cent. India's foreign exchange reserves as on 13th February, 2009 stood at US $249.69 billion. As per the Interim Union Budget for 2009-10, the revised estimates of fiscal deficit for the year 2008-09 is estimated at Rs. 326515 crores which is 6.0 per cent of the GDP. Besides, it has been estimated that securities amounting to Rs. 75942 crores and Rs. 20000 crores would be issued during the year to oil companies and fertiliser companies respectively, such together account for 1.8 per cent of the GDP.

The Government and the Reserve Bank of India (RBI) have acted to protect the economy from the adverse impact of the global economic crisis. The measures taken by the Government, *inter alia*, include: reduction in Cenvat/Excise duty, measures to support exports, expansionary plan expenditure and other sector-specific measures. The RBI have taken measures like reduction in Cash Reserve ratio, reduction in the Statuary Liquidity Ratio and significant reduction in key policy rates. These measures are expected to provide the necessary stimulus to the economy over the ensuring period and the financial year 2009-10.

Increase in monetary liquidity

1059. SHRI RAHUL BAJAJ:
SHRI RAJKUMAR DHOOT:

Will the Minister of FINANCE be pleased to state the steps that are being undertaken to ensure that increased liquidity due to monetary measures translates into lower interest rates and higher credit disbursal to customers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): The Reserve Bank of India (RBI) has acted aggressively and pre-emptively on monetary policy accommodation since mid-September, 2008 to protect the economy from the adverse impact of the global economic meltdown. The endeavour of RBI has been to provide ample rupee liquidity, ensure comfortable dollar liquidity and maintain a monetary policy environment conducive for the continued flow of credit to productive sectors at reasonable cost.

RBI has also cut the policy rate aggressively, in terms of both magnitude and pace, to signal lower interest rate regime. The bank lending rates, which had firmed up upto October, 2008, have started easing since November, 2008. Since November, 2008, all public sector banks (PSBs), several private sector banks and some foreign banks have reduced their deposit and lending rates. The magnitude of reduction by PSBs has been larger than that by foreign and private sector banks. During this period, the Benchmark Prime Lending Rates of PSBs have come down by around 75-225 basis points and those for private sector banks by around 100 basis points.

Further, to ensure adequate credit to the needy sectors of the economy, Government and RBI have also issued advisories to the banks to allow drawl of sanctioned working capital limits and term loans. As on the first reporting Friday of the year 2009, the year-on-year bank credit has increased by 24% vis-a-vis 21.4% year-on-year increase during the corresponding period last year. The perception of lack of credit availability may be attributed to reduced flow of funds from non-bank sources, notably the capital market and external commercial borrowings.

FFIs in the Indian share market

†1060. SHRI RAM JETHMALANI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that 1,609 Foreign Financial Institutions (FFIs) have been registered in the share market of the country as of now;

(b) if not, the exact number thereof;

(c) whether capital has also been invested by them in various sectors of Indian share market in the year 2008;

(d) if so, the amount of capital invested in every sector; and

(e) the number of these Foreign Financial Institutions (FFIs); country-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) SEBI registers Foreign Institutional Investors (FIIs) under he SEBI (Foreign Institutional Investors) Regulations, 1995. As per the latest information available, the number of FIIs registered as on 17.02.2009. is 1618.

(c) and (d) Net investment by FII in year 2008 remained negative to the tune of US$10 billion. However, SEBI does not monitor sector wise investments made by the FIIs.

(e) The information on the country wise distribution on 1618 FIIs is given in the Statement.

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†Original notice of the question was received in Hindi.